

## Message Text

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FOL RPT HAMILTON 0124 ACTION SECSTATE INFO LONDON  
DATED 25 MAR 77

QUOTE:  
LIMITED OFFICIAL USE HAMILTON 0124  
E.O. 11652: N/A  
TAGS: EAIR US, UK, BD  
SUBJ: US-UK CIVAIR NEGOTIATIONS  
REF: STATE 62635

1. POST ASSESSMENT OF LOCAL GOVERNMENTAL ATTITUDE ON CIVAIR  
NEGOTIATIONS FOR BERMUDA MARKET REQUESTED PARA 4 REFTEL FOLLOWS:

(1) NO ADDITIONAL UK ROUTE REQUESTS LIKELY; BRITISH AIRWAYS  
(BA) VOLUNTARILY RELINQUISHED OPERATION OF NEW YORK-BERMUDA ROUTE  
EFFECTIVE 1 JAN 1977 DUE TO ECONOMIC CONSIDERATIONS. HOWEVER,  
BRITISH WILL PRESUMABLY WISH TO RETAIN AUTHORITY TO OPERATE ROUTE.  
BERMUDA'S MINISTER OF MARINE AND AIR SERVICES PLOWMAN (WHO IS  
REPRESENTING BERMUDA AT TALKS) RECENTLY DECLARED DURING LEGISLATIVE  
COUNCIL DEBATE THAT "THE RIGHT WHICH B.A. CURRENTLY HAS TO CARRY  
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PASSENGERS BETWEEN NEW YORK AND BERMUDA SHOULD BE RETAINED EITHER  
BY A BRITISH OR (A HYPOTHETICAL) BERMUDIAN CARRIER. WHILST ONE  
HAS TO LOOK AT THE FINANCIAL AND ECONOMIC SIDE ALSO THERE IS THE  
PRACTICAL ASPECT OF RETAINING A SERVICE WE WANT TO HAVE AND HAVE  
SOME DEGREE OF CONTROL OVER." IN RECENT INFORMAL CONVERSATION WITH  
CONGEN, PLOWMAN APPEARED SATISFIED THAT U.K. NEGOTIATORS WILL  
SUPPORT BERMUDA'S DESIRE TO MAINTAIN RIGHTS TO BRITISH (OR

BERMUDIAN) NY-BERMUDA ROUTE.

(2) LOCAL ATTITUDE LIKELY TO FAVOR STATUS QUO ROUTES FOR U.S. AIRLINES ON WHICH BERMUDA ENTIRELY DEPENDENT FOR TRANSPORT OF CIRCA 400,000 TOURISTS FROM U.S. ANNUALLY.

(3) LOCAL ATTITUDE LIKELY TO FAVOR GREATER LEVEL OF U.S. FLAG SERVICES IN FUTURE. BERMUDA AUTHORITIES HAVE LONG SOUGHT ADDITIONAL SERVICE FROM CHICAGO AND INTRODUCTION OF NON-STOP SERVICE TO SOUTHEASTERN U.S., SEEN AS KEY ELEMENTS IN EXPANDING THE COLONY'S POTENTIAL TOURIST MARKET (MOST OF BERMUDA'S AMERICAN TOURISTS ARE NOW DRAWN FROM WASHINGTON-NEW YORK-BOSTON "NORTHEAST CORRIDOR"). BERMUDA WOULD REGARD ANY MOVE TOWARD LESSER LEVEL OF U.S. FLAG SERVICE AS PORTENDING ECONOMIC DISASTER FOR THE COLONY (TOURIST EXPENDITURES NOW ACCOUNT FOR 60 TO 70 PER CENT OF BERMUDA'S GNP) AND ANY BRITISH ACTIONS WHICH THREATENED TO EFFECT THIS RESULT WOULD LIKELY CAUSE MAJOR CRISIS IN UK-BERMUDA RELATIONS.

(4) LOCAL ATTITUDE FAVORS EXISTING SERVICE BY MULTIPLE U.S. AIRLINES ON CITY-PAIR ROUTES AND WOULD BE UNLIKELY TO OBJECT TO EXTENSION OF THIS AUTHORITY.

(5) BERMUDA AUTHORITIES WOULD ENCOURAGE CONTINUANCE OF EXISTING REGIME WHEREBY CARRIERS FREE TO DETERMINE LEVELS OF CAPACITY; THIS PROVISION HAS SERVED BERMUDA WELL IN THE PAST, PARTICULARLY DURING PEAK SEASONS.

(6) FIFTH FREEDOM TRAFFIC NOT A FACTOR IN US-BERMUDA TRAVEL MARKET.

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(7) EXISTING TARIFF ARTICLE POSES NO PROBLEMS FOR LOCAL AUTHORITIES BUT HAS PRESENTED DIFFICULTIES FOR US FLAG CARRIERS OPERATING HERE. BERMUDA HAS THUS FAR USED TARIFF ARTICLE TO BLOCK (A) LOCAL IMPLEMENTATION OF AIR FARE INCREASES (TOTALING SIX PER CENT) GRANTED BY CAB SINCE 1974, AND (B) CAB-ORDERED CUT IN EXCESS BAGGAGE CHARGES.

2. POST ASSUMES USDEL FULLY AWARE OF FOLLOWING BACKGROUND INFORMATION. BERMUDA IS EXPECTED TO ATTAIN FULL INDEPENDENCE FROM UK BY EARLY 1980'S. ONCE INDEPENDENT, BERMUDA WILL PRESUMABLY BE ELIGIBLE TO NEGOTIATE SEPARATE BILATERAL CIVAIR TREATY WITH US. ANOTHER UNIQUE SITUATION PERTAINING TO BERMUDA IS FACT THAT COLONY'S CIVIL AIR TERMINAL UTILIZES RUNWAYS AND AIR TRAFFIC ONTROL FACILITIES OF US NAVAL AIR STATION HERE. THESE FACTORS SHOULD BE BORNE IN MIND IF BRITISH ATTEMPT TO TRADE CONCESSIONS ON BERMUDA MARKET AS VEHICLE FOR WINNING US APPROVAL OF A COMPREHENSIVE CIVAIR PACKAGE.

3. IN SUMMARY, LOCAL ATTITUDE WILL UNQUESTIONABLY FAVOR US OBJECTIVES

OF

STATUS QUO ROUTES, MAINTENANCE OF CURRENT CAPACITY PROVISIONS AND  
SAME TARIFF ARTICLES AS FOR NORTH ATLANTIC. PRESENT US-BERMUDA  
ARRANGEMENTS MUTUALLY PROFITABLE FOR US FLAG CARRIERS SERVING  
THE COLONY AND FOR LOCAL TOURIST INDUSTRY (WHICH IN ITSELF RE-  
PRESENTS SUBSTANTIAL AMERICAN INVESTMENT). BERMUDA AUTHORITIES  
WILL WISH TO SEE NEW AGREEMENT REACHED BY 22 JUNE TO AVOID ANY  
POSSIBILITY OF INTERFERENCE WITH NORMAL AIR SERVICE DURING JULY,  
AUGUST AND EARLY SEPTEMBER, THE COLONY'S BUSIEST TOURIST SEASON.  
BERMUDA'S OBSERVERS AT MOST RECENT LONDON TALKS GARNERED IMPRESSION  
THAT NEW UK CHIEF NEGOTIATOR SHOVELTON WOULD BE MORE FLEXIBLE THAN  
PREDECESSOR ROGERS PROVED TO BE. RAND UNQUOTE CHRISTOPHER

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## Message Attributes

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**Type:** TE  
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